



CONSUMER FACT SHEET for FHA Short Refinance

Starting September 7, 2010, FHA's Short Refinance Option will be available to help people who owe more on their mortgage than their home is worth because their local markets have seen large declines in home values. The temporary enhancements to the existing refinance program apply to loan applications with FHA case numbers issued on or after September 7, 2010 and closed on or before December 31, 2012.

Eligibility Requirements:

- All types of conventional mortgages are eligible. The loan to be refinanced, however, must not be an FHA-insured loan.
- Borrowers must occupy the property as their primary residence.
- Borrowers must owe more on their mortgage(s) than the current value of the property.
- The existing first lien holder must be willing to write off at least 10 percent of the unpaid principal balance.
- Mortgage being refinanced must be current for the month due.
- Must have a "FICO based" decision credit score greater than or equal to 500.
- Borrowers must qualify for the new loan under standard FHA underwriting requirements.
- Maximum loan-to-value ratio is 97.75% of the current property value.
- Maximum combined loan-to-value ratio is 115% of the current property value.
- Borrowers whose mortgages have been modified are eligible, provided the modification is permanent and not in a trial period.
- Borrowers may not have been convicted within the last 10 years of the following: (a) felony larceny, theft, fraud, or forgery; (b) money laundering; or (c) tax evasion in connection with a mortgage or real estate related transaction.

What are the benefits?

- Aligns borrowers' outstanding indebtedness more closely with their property's current market value.
- Provides lenders and borrowers with an affordable stable loan product insured by the federal government.
- Helps to stabilize communities that have seen a decline in housing prices.

Where can a homeowner apply for FHA's Short Refinance Option?

- Borrowers should contact their existing servicing lender and ask if the lender is offering FHA's Short Refinance Option.
- Borrowers can also contact an FHA-approved lender. A list of FHA-approved lenders can be obtained at <http://www.hud.gov/ll/code/llslcrit.cfm>.